

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6904**

**BILL NUMBER:** HB 1545

**NOTE PREPARED:** Apr 29, 2003

**BILL AMENDED:** Apr 27, 2003

**SUBJECT:** Insurance Matters.

**FIRST AUTHOR:** Rep. Fry

**FIRST SPONSOR:** Sen. Paul

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (CCR Amended) This bill amends the law concerning insurance administrators and provides for reciprocity in the licensure of insurance administrators. The bill provides bonding requirements for resident surplus lines producers' licenses. It provides that notice of nonrenewal of a commercial property and casualty insurance policy or an automobile insurance policy is not required if the insured is transferred to an affiliate of the insurer in certain circumstances. The bill specifies that any costs above the current limit on charges for publication of certain insurer statements must be borne by the newspaper publishing the statement. The bill also makes conforming amendments and a technical change.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The Department of Insurance states that this bill will not increase expenditures by the Department, and may actually reduce Department workload and expenditures. This bill has several provisions: (1) enacts uniform code for third party insurance administrators, (2) includes provisions regarding notice of nonrenewal for insurance policies, and (3) contains provisions relating to collection of insurer statements and publication of notice.

(1) This bill is part of a multi-state effort to coordinate third party administrator filings. This uniform code, once enacted by all states, will require the Department to review applications for only those third party administrators domiciled in Indiana. The Department will continue using current procedures unless an applicant's state of domicile has enacted the uniform code, then the procedure set forth in this bill can be followed.

(2) The provisions regarding nonrenewal of certain insurance policies does not have state fiscal impact.

(3) The Department of Insurance used to distribute information from insurer annual statements to newspapers throughout the state. The Department was responsible for condensing the information contained in the report to a summary for publication. Annual statements for insurers are available online through the Department website. The provision in this bill allows newspapers to collect the information and charge insurers up to \$40 to publish the insurer statements in local newspapers. This may reduce Department staff time and associated resources.

*Background - Nonresident Administrator License:* A person may file for a nonresident administrator license if they are currently licensed in a state that has comparable licensing requirements. The individual must file a statement of licensure and submit a filing fee on or by September 15 of each year. If the Commissioner is able to verify the nonresident administrator's homestate license through an electronic database and duly notifies the applicant, no filing is required. There are currently 216 non-domestic third party administrators licensed in Indiana.

**Explanation of State Revenues:** *Insurance Administrators:* This bill contains new provisions for insurance administrators. The bill allows the Commissioner of Insurance to either deny, revoke, or suspend the license of an insurance administrator under certain conditions. In addition, the Commissioner may impose a civil penalty not to exceed \$25,000 per act or violation in lieu of license suspension. The amount of revenue that could be collected under this provision is unknown at this time.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Cynthia Donovan, Manager of Securities and Financial Services Operations, Department of Insurance, (317) 232-2408; Greg Thomas, Chief Deputy Commissioner, Department of Insurance, (317) 232-2406.

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